Yugoslavia
Agri-Food Country Profile
Statistical Overview

Forward

This information piece is provided to update the statistical information of existing documents on Yugoslavia. Due to recent economic developments an update was deemed necessary.

Background

The Federal Republic of Yugoslavia emerged in 1992 as a collaborative union of Serbia and Montenegro. As two of the former six republics of the disbanded Socialist Federal Republic of Yugoslavia, Serbia and Montenegro reorganized to create the new Yugoslavia. The country is currently undergoing major structural and philosophical change as it commits itself to becoming a nation that will contribute positively to both regional and international affairs.

The end of 2000 brought the beginning of a new, democratically elected government in Yugoslavia. Elections in December of that year resulted in democratic and reform-minded government at all levels, and progress in economic and political reform has since remained steady.

Demographics	
Total Population	10.6 million (2001e)
Growth Rate	-0.27% (2001e)
Age Breakdown	
0-14 years	19.8%
15-64 years	65.3%
65 years and over	14.9%
Life Expectancy	
Total	73.5 yrs
Male	70.57 yrs
Female	76.67 yrs

Geography

Yugoslavia is strategically located in southeastern Europe along the Adriatic Sea. This favorable geographical position allows Yugoslavia to control one of the major land routes from western Europe to Turkey and the Near East. Yugoslavia is a joint independent state between Montenegro and the much larger Serbia, and is bordered by Bosnia-Herzegovina and Albania.

The terrain in Yugoslavia is quite varied, with rich fertile plains to the north and limestone ranges and basins to the east. In the southeast are ancient mountains and hills, and to the southwest is an extremely high shoreline. The climate to the north is continental, with cold winters and hot humid summers. In the central area of Yugoslavia the climate is both continental and Mediterranean. To the south the climate is Adriatic, with hot, dry summers and autumns, and relatively cold winters with heavy snowfalls. Yugoslavia's location makes it susceptible to occasional earthquakes.

Natural resources found in Yugoslavia include oil, gas, coal, antimony, copper, lead, zinc, nickel, gold, pyrite, and chrome.

Main Cities	
Belgrade	1.127 million
Pristina	194,300
Nis	185,200
Kragujevac	177,500
Novi Sad	175,600

Economy

Yugoslavia is currently in the preliminary stage of economic reform that began in 2000 when the new government came into power. This government has indicated it will redirect the policies of the country, with key proposals including changes in both the foreign and domestic policies. The government announced its main objective is to create a new foreign policy that will

simultaneously create a favorable environment for domestic change and reform.

Since 1991 Yugoslavia has been recovering from severe economic decline that followed the collapse of the former Yugoslav federation and subsequent warfare. Trade flow was interrupted by this period of destabilization as trade links were broken and industrial plants decreased in output due to a loss of suppliers and markets.

Experts suggest that economic recovery in Yugoslavia depends on the alleviation, and preferably elimination, of the difficult circumstances that remain from the old regime. Laying the foundations for a new political and economic system will operate at a much faster pace once the government establishes the means to compensate for past policies and decisions.

Economic Indicators	
GDP	US$25.4 billion (2002)
GDP Growth	3.5% (2002)
GDP per capita	US$2,300 (2002)
GDP by Sector	
Agriculture	20%
Industry	50%
Services	30%

To initiate economic growth the government has proposed a number of sweeping changes. The Yugoslav economy is currently dominated by socially-owned enterprises, but a small number of privately owned companies have succeeded on the merits of strong management and have led to an appeal towards more privatization. Other sweeping reforms include dismantling the state-run economy, simplifying the tax system, further liberalizing foreign trade, and taking harder measures against smuggling and corruption.

The efforts of the new government have already delivered positive results for Yugoslavia. The GDP grew by an estimated 5% in 2001, which was a strong improvement for an economy that has been unstable for the past decade. The government has made substantial progress in fiscal and monetary policy, inflation has declined to 40-45%, and foreign exchange reserves in the central bank have doubled.

The total labour force in Yugoslavia is estimated to be 1.6 million. Unemployment continues to be a problem, with the rate remaining high at 50% in 2001. The government hopes to further facilitate economic recovery by continuing to open its economy to foreign direct investment (FDI). In particular, flows of FDI are expected to assist in creating more job opportunities.

Consumer Market

Yugoslavia's agriculture sector has traditionally focused on the export market, thus leaving the domestic populace untapped as a potentially strong market. The transition through strict socialism and difficult war times has kept exposure to brand names low, except for major international brands. The market as a whole has yet to be introduced to a wide variety of commercial foods. Notably, the domestic population of Yugoslavia is very price-conscious and there is very little market presence of gourmet or exotic foods.

Domestic consumers in Yugoslavia have had little opportunity to develop a preference for specific methods of production. Despite Yugoslavia's strong output of organic products, there is little consumer interest or demand as there is a lack of knowledge on the subject.

Agriculture

As one of the key players in Yugoslavia's economy, the agriculture sector is considered a promising area with great potential for growth. With especially healthy growing conditions, the country has never run out of food despite difficult periods of war. As the Yugoslavian economy begins to recover, it is believed that the agri-food sector will be among the quickest to expand.

The agriculture sector accounts for approximately one quarter of Yugoslavia's GDP, and nearly one-fifth of the population is sustained by agricultural

income. Arable land accounts for 40% of the available land in Yugoslavia, and 80% of this is privately owned. However, seriously outdated machinery and shortages of key inputs and low profitability have led to a large portion of land remaining uncultivated.

The position of farmers in Yugoslavia has improved since the accession of the new government. This government has requested aid so it can build up stocks to prop up market prices and prevent farmers from going bankrupt. The European Union responded to this appeal in 2000 by opening their markets to previously embargoed Yugoslavian products. Although a positive accomplishment for Yugoslavia, the country's authorities expect that low production levels will not support any significant increases in exports before the end of 2002. Production has suffered because of the lack of modern machinery in Yugoslavia, as well as problems with the fuel and fertilizer supply.

Agricultural products from Yugoslavia include cereals, fruits, vegetables, tobacco, olives, cattle, sheep, and goats. Raspberries are Yugoslavia's major commodity. Yugoslavia's livestock is also a strength, as it has remained untouched by mad cow disease.

With vast amounts of rich and unpolluted soil, Yugoslavia is acknowledged to be an ideal location for the cultivation of organic products. Already, Yugoslavia exports approximately 1,200 tonnes of frozen organic products to Europe each year. As with many other Central and Eastern European countries, Yugoslavia intends to develop state regulated organic agriculture. The proposed aim of this system is to foster rapid and harmonized progress in the sector, but the government has yet to invest in the program.

The agribusiness industry in Yugoslavia has been traditionally strong and many companies have successfully entered the international market. Producers in Yugoslavia have been actively seeking foreign capital as a means to further expand their operations. Many agri-food businesses in Yugoslavia have indicated that they aspire to become dominating forces in South-Eastern Europe.

Trade

Yugoslavia's total trade in 2000 was valued at $5.4 billion. Total imports were valued at US$3.7 billion, while exports totaled US$1.7 billion with some evidence of under-reporting.

The main destinations for Yugoslav exports are Bosnia-Herzegovina, Italy, Macedonia, Germany and Russia. Main export commodities are manufactured goods, food, live animals, and raw materials.

Main sources of imports are Germany, Italy, Russia, Macedonia, Bosnia-Herzegovina and Greece. Yugoslavia's main imports include machinery and transport equipment, fuels and lubricants, manufactured goods, chemicals, food and live animals, and raw materials.

Fresh or frozen red meat and red meat products are prohibited entry into Yugoslavia. Fresh or frozen poultry and poultry products are also denied entry.

Trade Agreements

Yugoslavia recognizes the importance of regional agreements and initiatives in the bid to further its trade liberalization and market economy. Yugoslavia has been actively pursuing new agreements and initiatives at the regional level to compliment the goal of inclusion within Euro-Atlantic organizations.

To enhance its position in the region, Yugoslavia is actively participating in the development of a free trade zone in South-Eastern Europe, and has bilateral free trade agreements with Macedonia, Hungary, Bosnia and Herzegovina. Negotiations are underway with Croatia, Bulgaria, Slovenia and Albania.

Yugoslavia is also a member of numerous multilateral regional processes and initiatives, including the Stability Pact for South-Eastern Europe, South-Eastern Cooperation Initiative (SECI), Central European Initiative (CEI), South Eastern Europe Cooperation Process, Adriatic-Ionian Initiative, Initiative for the Danube Cooperation (Austro-Romanian Initiative), and the Danube Commission.

Yugoslavia is a member of the following international organizations: Bank for International Settlements (BIS), CE (guest), Food and Agriculture Organization (FAO) (applicant), G-9, G-15, G-24, G-77, International Atomic Energy Authority (IAEA), International Civil Aviation Organiztion (ICAO), International Chamber of Commerce (ICC), International Confederation of Free Trade Unions (ICFTU), Institute of Certified Records Managers (ICRM), International Fund for Agricultural Development (IFAD), International Federation of Red Cross and Red Crescent (IFRCS), International Hydrographic Organization (IHO), International Labour Organization (ILO), International Monetary Fund (IMF), International Maritime Organization (IMO), Immarsat, Intelsat, IOC, International Organization for Migration (IOM) (observer), International Organization for Standardization (ISO), International Telecommunications Union (ITU), NAM, OPCW, OSCE, United Nations (UN), United Nations Conference on Trade and Development (UNCTAD), United Nations Educational, Scientific and Cultural Organization (UNESCO), United Nations Development Organization (UNIDO), Universal Postal Union (UPU), World Health Organization (WHO), World Intellectual Property Organization (WIPO), World Meteorological Organizaiton (WMO), World Trade Organization (WTO) (observer).

Investment

The government of Yugoslavia recognizes that the creation of a favorable investment climate is imperative to the stabilization of the economy. Plans are currently being discussed to create an agency for the promotion of foreign investment that will provide investors with pertinent legislation and laws. The government also feels that increased privatization will facilitate investment, and a new law regarding this has been proposed to parliament. To date, the only challenge facing the government in implementing this strategy has been convincing the local population of the benefits of privatization over "social ownership."

Foreign investment in Yugoslavia in 2000 was estimated at US$50 million, a significant decrease from 1999. This was likely due to the disruption surrounding early election results, which stabilized as the year progressed. However, FDI in 2001 reached US$300 million, the highest amount since 1997. This is indicative of the success of the new government's polices and is a positive step for Yugoslavia in its reintegration with the international community.

Canada - Yugoslavia Trade and Investment

Since the creation of the new Republic of Yugoslavia, Canada's involvement in the country has increased substantially. Canada has actively assisted Yugoslavia in making a successful transition to a free market democracy. In particular, Canada has directed assistance toward the areas of humanitarian aid, democratic development, and social and economic reconstruction.

In an effort to facilitate Canada's response to any urgent needs in Yugoslavia, the Local Initiative Program (LIP) was created. The LIP allows Canada to provide support to local Yugoslav groups trying to bring democratic change, including the independent media, pro-democratic civil society groups and women's groups. The LIP also promotes economic reconstruction with a focus on gender issues, child protection, and electoral assistance. Canadian aid may also be distributed through the European Bank for Reconstruction and Development (EBRD), which is directed at refugees and internally displaced people.

Canadian support to Serbia includes humanitarian aid for basic human needs. In Montenegro, Canada has provided support through the delegation of election observers and support for the Organization for Security and Co-Operation in Europe (OSCE) human rights office. Canada also supports the assignment of experts who are trained to assist the new Yugoslav government in their development and recovery in various areas, such as energy. Social rehabilitation and economic reconstruction have absorbed over half of Canada's contributions.

Total trade between Canada and Yugoslavia in 2000 was valued at $12.9 million. Yugoslavia exported a total of $10.3 million to Canada in 2000, 84.9% of which was base metals. Machinery followed with 4.4%, food and beverages 3.8%, and vegetable products 3.5%.

Yugoslavia - Canada Bilateral Trade	
Yugoslavia Total	
Exports	$1.7 billion (2000)
Imports	$3.7 billion (2000)
Trade Balance	-$2 billion (2000)
Total Canadian	
Exports to Yugoslavia	$2.6 million (2000)
Imports from Yugoslavia	$10.3 million (2000)
Trade Balance	-$7.7 million (2000)
Canadian Agricultural	
Exports to Yugoslavia	$730,660 (2001)
Imports from Yugoslavia	$1.56 million (2001)
Trade Balance	-$838,003 (2001)

In 2000 Canadian exports to Yugoslavia were valued at $2.6 million. Chemicals represented 64.1% of the total, followed by transportation equipment 14.2%, electrical products 4.6%, wood articles 3.7%, and specialized instruments 3.4%.

Canada's total agricultural trade with Yugoslavia in 2001 was $2.29 million, an increase of roughly $850,000 over 2000. Canadian exports to Yugoslavia slightly increased in 2001 to reach $730,660 but still did not approach 1998's high of $1.9 million. Canada's top agri-food exports to Yugoslavia were chewing gum $465,286; whiskies $189,759; edible fruit or nut trees $47,402; bovine semen $18,315; and animal feed $9,898.

Imports from Yugoslavia have been steadily increasing over the past four years. Canada's agri-food imports in 2001 totaled $1.56 million. Main imports were chocolate $362,968; grape wines $286,302; raspberries and mulberries $154,793; and strawberries $125,589.

There is a strong and growing Yugoslav population within Canada, and immigration into Canada from Yugoslavia is encouraged by the Canadian government. Special measures have been taken since 1992 to allow over 40,000 Yugoslav citizens to enter Canada.

For more information on Yugoslavia:

Canada and the Former Yugoslavia
(www.dfait-maeci.ga.ca/english/foreignp/yug-e)

Federal Republic of Yugoslavia - Federal Ministry of Foreign Affairs
(www.mfa.gov.yu)